UNDP

UNITED NATIONS DEVELOPMENT PROGRAMME

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ENGLISH

APPROVAL OF UNDP ASSISTANCE TO A PROJECT OF VIETNAM

IPF: (1992-96) $92 774 000

(VIE/92/006) - Establishment of a Demonstration Production Foundry and Pattern Workshop for Manufacture of Textile Spare Parts

Date of approval by the AC:[1]	11 March 1992
Expected duration:	Two years
Proposed executing agency:	UNIDO
Government implementing agency:	Ministry of Light Industry and Union of Production, Import/Export for Textile Products with Textile Machinery Factory No.2
Proposed UNDP contribution:	$1 212 700 Source of funds: IPF
Total UNDP budget:	$1 212 700

Project background

The textile and clothing industry is Vietnam's second largest, contributing 14.3 per cent to gross production in 1990 and employing some 625,000 people, apart from unregistered employment in small-scale production units. According to estimates, there are approximately 4,600 registered firms, with 80 percent of the textile industry state-owned and 20 percent private, and 60 percent of the clothing industry state-owned and 40 percent private. As the domestic supply of cloth is not sufficient, covering domestic demand is a major challenge during the present decade. Export prospects seem to be good; and exploiting this opportunity will also demand large investments and improvements in production.

The production capacity of the existing foundry workshops manufacturing spare parts for the textile industry is consistently insufficient; they produce about 294 tons per year in contrast to 930 tons needed. The foundry workshops are characterized by low productivity, inadequate technological know-how and poor quality of products. The high rate of short-service life of spare parts (less than one year) results in frequent changes of parts and excessive high capital investment. In some cases the problems of the textile industry are exacerbated further by machine damage due to incorrect dimensional specifications. Machine damage results in low productivity of the plants which are sometimes forced to close down as a result. The Government is very concerned about this predicament which is severely obstructing the performance of the textile industry and is an impediment to a potential

1/ This Fact Sheet reflects the status of the project/revision at the time it was approved by the Action Committee; modifications to the project/revision may have occurred subsequently.

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increase of textile exports. In light of this the Government requested UNDP assistance under the present approval.

Description of project

The development objective of the project is to establish a self-supporting demonstration production foundry and pattern workshops at the textile engineering factory No. 2 in Thu Duc (Ho Chi Minh City), which will manufacture spare parts and serve as a Centre for Technology Transfer, through industrial and technical personnel training, consultancy and advisory services, firstly to selected textile plants and secondly to the foundry industry in general. The immediate objectives of the project are to: (a) reinforce and expand the present capacity of textile engineering factory No. 2 from where a large number of the newly established foundry workshop staff will be drawn; (b) enable capacity building to cover applied research and development, personnel training consultancy services, designs for standard patterns, pattern plates for shell moulding, and castings of plates for machining; (c) set up a testing laboratory which will offer services to other industries and interested institutions; and (d) make the newly established foundry workshop financially self-sufficient through supply of spare parts, training, seminars, consultancy and advisory services to other industries.

Project activities will include: (a) sustaining a programme designed to resolve the fundamental problems in textile casting technology, demonstrate improved technology by applying newly acquired methodologies and techniques using modern equipment supplied by the project; (b) assisting and advising on parameters for selection of relatively low cost production processes; and (c) enabling the foundry workshop to rely on well-trained and competent local personnel capable of assisting and advising textile plants and other foundries in Vietnam.

Inputs

UNDP will provide 12 work-months of services of a CTA/foundry engineer/metallurgist in split missions over the entire two-year period, two work-months of a shell moulding pattern design expert, two work-months of a foundry expert (metallurgist for induction furnace, melting); two work/months of a foundry expert (moulding, pouring, cleaning and finishing); one work-month of a laboratory expert, four work-months of consultants with no defined specialties; 31 work-months of fellowships and study tours for 20 Vietnamese officials; laboratory equipment; and miscellaneous costs.

Financial data

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Personnel	306 200
Subcontract	20 000
Training	175 000
Equipment	695 500
Miscellaneous	16 000
Total	1 212 700

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